

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

12 DEPOSITION OF CORPORATE DESIGNEE OF
13 BRADFORD REGIONAL MEDICAL CENTER
14 THURSDAY, JULY 26, 2007

JOHNSON and MIMLESS
(412) 765-0744

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

74

1 A. That would have been based on the scheduling,
2 the availability of the Axis Camera. We actually had
3 enough demand for two cameras, and so depending on the
4 availability of the Axis Camera and the urgency -- the
5 degree of urgency for the test, we might have done
6 that, done that there.

7 Q. Was the camera at V&S used on a daily basis?

8 A. I do not know the answer to that.

9 Q. Was there a reason why the hospital did not
10 move the camera from the V&S location to the hospital?

11 A. Yes.

12 Q. What was the reason?

13 A. We wanted to replace the Sophie camera, and we
14 were in the process of embarking on cardiology
15 services at the Medical Center, so we were looking for
16 specific capabilities in our second nuclear camera.
17 We were looking for a camera that specifically was
18 strong in doing nuclear cardiology procedures.

19 The GE camera was an older model with some
20 limited technology, so we opted not to have that
21 camera moved, because we did not feel that it would
22 meet our future needs.

23 Q. And so you thought it had limitations that

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

75

1 would not meet the needs of the hospital; is that it?

2 A. It would not meet our future needs.

3 Q. Now, when you left it at V&S, did that involve
4 having to pay V&S for the space that it occupied?

5 A. I don't really know the answer to that. The
6 specificity of that, I'm not familiar with.

7 Q. But as far as the location is concerned, that
8 camera was used by the hospital, but it was never
9 actually moved to the hospital facility?

10 A. That's correct.

11 Q. And, eventually, what happened to that camera?
12 Was it turned back to GE -- was the GE camera turned
13 back to GE?

14 A. When we were leasing the camera from V&S, we
15 let them know that we did not want that to be the
16 camera ultimately, for the reasons I just outlined;
17 and so they replaced that camera with the Philips
18 CardioMD. Then --

19 Q. Excuse me. Can you go back?

20 A. Yes.

21 Q. Who did you tell that you -- who knew that you
22 didn't want that camera?

23 A. V&S.

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

76

1 Q. V&S knew that you didn't want that camera?

2 A. Yes.

3 Q. Okay.

4 A. We informed them that that would not meet our
5 future needs, because of the older technology and
6 because of its nuclear cardiology limitations.

7 Q. So that was known at the time?

8 A. That was known, yes. Well, at which time?

9 Q. At the time that you entered into the sublease
10 agreement.

11 A. I'm not sure of the exact date of those
12 discussions with them and the date of the lease
13 agreement.

14 MR. STONE: I don't have any further
15 questions for this witness.

16 MR. MULHOLLAND: Okay. I guess you are
17 free to go then.

18 THE WITNESS: All right.

19 (Discussion off the record.)

20 (Testimony of Mr. Washington ended at
21 12:09 p.m., and testimony of Mr. Leonhardt
22 began at 12:10 p.m. this date.)

23 - - -

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

97

1 because the referring physician would only have a
2 financial incentive to only use their service as
3 opposed to any real kind of real competition, which
4 would, essentially, mean the cardiologist would be
5 blocked out.

6 Q. Well, there were other physicians in the
7 community that would refer patients to a cardiology
8 program, right?

9 A. It is a very small community.

10 Q. Well, are you saying then that Dr. Saleh and
11 Dr. Vaccaro had a substantial part of the patient
12 population as their clients or patients?

13 A. Yes.

14 Q. Is this the reason why the hospital determined
15 that it would have a significant impact on the
16 cardiology program if they were permitted to go
17 forward with their plan to develop an imaging
18 facility?

19 A. Yes.

20 Q. Prior to April of 2001, were Dr. Saleh and Dr.
21 Vaccaro, were they referring their nuclear imaging
22 business to the hospital?

23 A. I know they were referring some of their

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

128

1 of 2003, and you still have this problem?

2 A. Uh-huh.

3 Q. And at this point, Dr. Saleh and Dr. Vaccaro
4 are operating their imaging facility; is that right?

5 A. Yes.

6 Q. And it is having a negative impact on the
7 hospital, I assume?

8 A. Yes, we believe so.

9 Q. I think the previous May, it looks like there
10 was a determination made by the Board of Directors
11 that Dr. Saleh and Dr. Vaccaro were covered persons
12 within the meaning of the policy against competing
13 financial interests?

14 A. Uh-huh.

15 Q. This letter refers to what I was talking about
16 a few minutes ago, about a buy-out that Saleh and
17 Vaccaro were proposing. If you look down to the third
18 paragraph, that is where the number 1.8 million is
19 discussed --

20 A. Right.

21 Q. -- as a proposal, I guess, coming from them; is
22 that right?

23 A. That's correct.

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

129

1 Q. If you go down to the next paragraph, that is
2 the flip side, that is the other option, which is that
3 you enforce the policy; is that right?

4 A. Correct.

5 Q. So it looks like you are going back between
6 these two alternatives, in other words, to work with
7 Saleh and Vaccaro in some kind of a buy-out or a
8 venture and the other option is to enforce the policy;
9 is that right?

10 A. Yes.

11 Q. Now, if you enforce the policy, I assume you
12 have the problem that you might be driving away
13 referrals because if these guys don't have privileges,
14 they may start referring patients to another hospital;
15 is that right?

16 A. That is among the issues, yes.

17 Q. Was that a concern to you that if they are off
18 the staff, then they might have other alternatives,
19 and these guys are a pretty big referral source,
20 right?

21 A. That was among the concerns, yes.

22 Q. In fact, you were aware at this point that they
23 had -- at least one of them had applied for staff

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

140

1 this equipment that apparently had limited
2 capabilities from V&S?

3 A. The agreement that we worked out with V&S to
4 sublease that equipment had as a condition of it that
5 we be free to direct them to acquire a different piece
6 of equipment of our choosing with a lease that had to
7 satisfy -- with conditions that had to satisfy us.

8 Q. Okay.

9 A. So --

10 Q. Are you done?

11 A. Yes.

12 Q. Well, Mr. Leonhardt, that is a fairly
13 cumbersome way to go out and acquire a piece of
14 equipment, wouldn't you agree?

15 A. Yes, if that was the only thing that we were
16 trying to accomplish. Obviously, it wasn't the only
17 thing that we were trying to accomplish.

18 Q. Let's say that, hypothetically, that the
19 hospital determined that they had a need to get a
20 camera.

21 A. Yes.

22 Q. You would probably go to the vendor or a lessor
23 of equipment; is that right?

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

141

1 A. In many circumstances, yes.

2 Q. When you got your Axis camera back in 1999, did
3 you contact an equipment vendor at that time to get
4 that equipment?

5 A. I'm sure we did.

6 Q. Now, in 2003, if you were interested in looking
7 at equipment, you would normally go to the equipment
8 vendor, right?

9 A. Yes. We were all -- yes.

10 Q. If there were no other part of this, in other
11 words, if there was nothing else to be accomplished?

12 A. Correct.

13 Q. I think that is what you said, if that were the
14 only consideration?

15 A. Yes.

16 Q. Isn't it true that the real consideration here
17 was how to pay V&S some money in order to get their
18 business; isn't that right?

19 MR. MULHOLLAND: Objection to the form of
20 the question; but you can answer.

21 A. No.

22 Q. Excuse me?

23 A. No.

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

142

1 Q. Well, what was the real purpose of that
2 agreement?

3 A. As I have said before, the real purpose of the
4 agreement was to get us into a situation where we had
5 a level field to compete in. We certainly -- we
6 certainly wanted to have the opportunity to compete
7 for V&S' business based on quality, based on the level
8 of service that we could provide to them and their
9 patients.

10 Q. Well, in order to compete for V&S' business,
11 you entered into an agreement where you would pay them
12 a certain amount a month; isn't that right?

13 A. We entered into a lease and a non-competition
14 agreement, yes.

15 Q. What was the amount that you agreed to pay them
16 each month, pursuant to that agreement? You can refer
17 to the document.

18 A. We agreed to pay them the pass-through cost of
19 the lease for the equipment and a specific amount for
20 the non-compete agreement and the other
21 considerations.

22 Q. And what was the -- do you -- if you want to
23 refer to the agreement, I would like you to identify

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

143

1 what the number was and how you arrived at the number.

2 A. The number here is \$29,250 per month. This
3 does not split those into the components that I was
4 talking about.

5 Q. But you said that it was to actually pay for
6 the pass-through cost to the equipment?

7 A. Correct.

8 Q. And also to pay for these other issues, I
9 guess, the non-compete?

10 A. Correct.

11 Q. Was it paying for anything else?

12 A. No.

13 Q. Now, did you evaluate whether the equipment
14 that you were paying for as a pass-through under this
15 agreement was equipment that could be used by the
16 hospital?

17 A. Yes.

18 Q. And did you make any kind of evaluation or
19 determination that this was a good value for the
20 rental payments that you were making here?

21 A. Yes. It was a good usable piece of equipment.
22 It didn't fit into our long-range plans, but it was a
23 good usable piece of equipment.

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

144

1 Q. I guess, aside from not fitting into the
2 long-range plans, if you just take the equipment
3 itself, this is now in April of 2003 --

4 A. Correct.

5 Q. -- how old is this piece of equipment at the
6 time that you entered into the sublease agreement?

7 A. I don't know the answer to that.

8 Q. They were a couple of years into their lease,
9 right?

10 A. They would have been at that point almost two
11 years into the lease, yes.

12 Q. Did you do any kind of evaluation to determine
13 if you went into the marketplace whether you could do
14 better than what you were paying under this agreement?

15 A. We had our technical director look at the
16 equipment and make sure that it was useful; and, yeah,
17 we had a general feeling about whether that was a
18 competitive lease or not.

19 Q. Well, I guess, since you already knew that it
20 wouldn't fit into a longer term plan, then it seems to
21 me that there would be pieces of equipment out there
22 that you could lease or buy that would be more
23 suitable to your long-range plan?

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

145

1 A. More suitable to the long-range plan, yes; and
2 that is why we had, as part of the agreement, a
3 requirement that they seek another piece of equipment
4 of our choosing.

5 Q. But I guess by doing it the way you did it,
6 wasn't that a more expensive way to get that
7 equipment --

8 A. No.

9 Q. -- by then having to buy out --

10 A. No.

11 Q. Didn't you have to buy out the other lease?

12 A. Oh, yes. You would have to buy out the other
13 lease.

14 Q. So if in 2003, you simply wanted to get
15 yourself a second camera, you could probably have at
16 least a second camera or bought a used camera for less
17 money than subleasing this equipment and entering into
18 a subsequent lease with Philips?

19 MR. MULHOLLAND: Object to the form. He
20 can answer.

21 A. There is an economic cost to terminating a
22 lease early; and, yes, in demanding that the lease be
23 terminated early, we created that additional cost. We

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

146

1 saw that as good value to us in developing the program
2 that we were trying to develop.

3 Q. And that is because you were able to, at the
4 same time, get the non-compete? Is that what your
5 rationale was?

6 A. We were able to put the whole package together,
7 yes.

8 Q. And when you got the non-compete, you were
9 essentially buying the business from V&S; isn't that
10 right?

11 MR. MULHOLLAND: Objection to form.

12 A. No.

13 Q. Did you expect that you would get the referral
14 business from V&S as a result of this agreement?

15 A. We hoped that we would.

16 Q. Let me give you another exhibit here, and see
17 if you can identify this document.

18 (Deposition Exhibit No. 14 was marked for
19 identification.)

20 A. Yes.

21 Q. What is this document?

22 A. This is an independent valuation of the lease
23 and non-compete agreement.

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

147

1 Q. Who is Mr. Day?

2 A. Mr. Day is an accountant and an attorney who
3 does this kind of work, as well as other work.

4 Q. Is he related to Stroudwater in any way?

5 A. No.

6 Q. So he is another consultant that you had assist
7 you with this --

8 A. Yes.

9 Q. -- this problem?

10 A. Yes.

11 Q. First of all, I guess, I don't think this
12 report is dated. Do you know when this report was
13 prepared or what time frame?

14 A. I don't know precisely when without the cover
15 letter that went with it. It was, you know, right
16 before we entered into the agreement.

17 Q. Was this prepared in connection with entering
18 into the sublease agreement?

19 A. Yes.

20 Q. What was the purpose of obtaining this report
21 at that time?

22 A. We felt very strongly that the agreement that
23 we were entering into was appropriate, that the value

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

148

1 that we were receiving was commensurate with what we
2 were paying, but we did want an independent opinion to
3 that effect.

4 Q. What was the assignment or the scope that you
5 gave to Mr. Day when you hired him to prepare this
6 report?

7 A. We gave him a letter of engagement, and I don't
8 remember everything that was in it; but, essentially,
9 it was to evaluate the arrangement and give us an
10 opinion as to whether or not the lease and non-compete
11 were fair market value.

12 Q. And when you say "fair market value," that
13 would require evaluating the lease arrangement for the
14 equipment?

15 A. Correct.

16 Q. But also valuing the other parts of the
17 agreement?

18 A. Correct.

19 Q. And, essentially, we are talking about
20 non-compete?

21 A. Correct.

22 Q. What you call the non-compete?

23 A. Correct.

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

149

1 Q. Is that how you arrived at the amount that V&S
2 would pay under the agreement?

3 A. No. We arrived at that amount through
4 negotiations.

5 Q. Okay.

6 A. We had a proposed negotiated and agreed upon
7 amount. We wanted an independent opinion as to
8 whether or not that was fair market value.

9 Q. You knew what the pass-through cost of the
10 equipment lease was, right?

11 A. That's right.

12 Q. So that amount didn't change at all?

13 A. No.

14 Q. Now, in the negotiations, explain to me how you
15 arrived at the number for the portion of the agreement
16 that covers the non-compete?

17 A. Through a long and sometimes arduous
18 negotiation.

19 Q. What was the value that the hospital placed on
20 the non-compete?

21 A. I don't know. If you are asking me where we
22 started, I don't remember.

23 Q. Do you recall what V&S put on it?

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

150

1 A. At a beginning point, no, I don't.

2 Q. Do you recall how you justified the numbers
3 that you were proposing? What did you base that on?

4 A. We based that on a series of things. What the
5 venture was costing us, what other alternatives, what
6 impact all the other alternatives might have on us.

7 Q. So you were looking at numbers that reflected
8 the projected loss of business to the hospital?

9 A. The cost of additional recruiting, the
10 rebuilding of, you know, primary care practices in the
11 community, how we would have people who lived in that
12 community who depended on those physicians for their
13 care, how we were going to care for them.

14 Q. How did you put a number on that, on those
15 issues you have just identified?

16 A. Some of those issues were very difficult to put
17 a number on.

18 Q. Did you do any evaluation of what this meant to
19 V&S in terms of giving up their new enterprise?

20 A. I believe they did. We did not, no.

21 Q. Was there any discussion about that?

22 A. Certainly, there was.

23 Q. Do you recall what it was that they thought

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

151

1 that they were going to lose by way of stream of
2 revenues?

3 A. No, I do not.

4 Q. I will show you a document we will mark as
5 Exhibit 15.

6 (Deposition Exhibit No. 15 was marked for
7 identification.)

8 Q. Mr. Leonhardt, this is a letter that appears to
9 be from the hospital's counsel to Ms. Jodeen Hobbs at
10 the law firm of Miller, Alfano & Raspanti, and you are
11 copied on it. Is this letter familiar to you?

12 A. Let me finish reading it. It has been a long
13 time.

14 Q. Oh, sure. Go ahead.

15 A. Okay.

16 Q. This letter is dated March 14, 2003; so I guess
17 in reading the letter, it appears that the
18 negotiations for the lease agreement had been going on
19 at least prior to this date?

20 A. Uh-huh.

21 Q. I would like you to turn to the second page, if
22 you could, and the second bullet point there talks
23 about a value that is placed on the rental payments

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

152

1 under the sublease, proposed sublease?

2 A. Right.

3 Q. Do you see that?

4 A. Yes, I do.

5 Q. And "From information provided by Vaccaro and
6 Saleh, we understand that the profit from the nuclear
7 camera services is approximately \$240,000 annually."

8 Do you see that?

9 A. Yes, I do.

10 Q. Does that refresh your recollection?

11 A. Yes, it does.

12 Q. I don't know whether your analysis agrees with
13 their analysis of those same figures; but for the
14 purposes of discussion today, that is, obviously, a
15 number that the hospital put on that venture at that
16 time, \$240,000 annually in terms of profit. Okay?

17 A. Okay.

18 Q. Now, if you look at the next --

19 A. It is actually a number that Vaccaro and Saleh
20 put on it, but --

21 Q. Okay. I'm not sure, but, apparently, for the
22 purposes of discussion, that number was accepted.

23 Then the next sentence says, "By the Medical Center's

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

153

1 subleasing proposal, annual rental payments would
2 total \$312,000 with a final profit to V&S of \$229,000
3 annually." Do you see that?

4 A. Yes.

5 Q. I am assuming that the difference between 312
6 and the 229 is the amount of those pass-through
7 payments for the equipment. Is that right?

8 A. I would assume the same thing.

9 Q. So it looks like the amount of the payments is
10 very close to what the projected profit was for V&S?

11 A. Uh-huh.

12 Q. Is that your understanding of what happened
13 here?

14 A. It looks like they are about \$11,000 less.

15 Q. Now, if we go back to Exhibit No. 14, the
16 report that was prepared by Mr. Day, he actually does
17 an analysis and tries to put a fair market value on
18 the non-compete; is that right?

19 A. Yes.

20 Q. Isn't that the point of this?

21 A. Yes.

22 Q. And if you would turn to page 13, he discusses
23 what he calls the competitive business valuation

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

154

1 method. Do you see that?

2 A. Around the middle of the page, yes.

3 Q. Sort of there, yes.

4 A. Okay.

5 Q. I guess Stroudwater had talked about that, as
6 well, in an exhibit that they prepared. Now, I don't
7 have a copy of the exhibit attached to this report,
8 but if you would go down to the next paragraph, it
9 talks about how the competitive business valuation
10 method is calculated, how the valuation is calculated.

11 It calls for a two-step process. The first
12 step is to generate an estimated projection of the
13 prospective cash flow from the hospital's provision of
14 nuclear cardiology diagnostic and integrally related
15 services with the covenant not to compete in place.

16 Okay?

17 A. Okay.

18 Q. In other words, to analyze the cash flow where
19 there is a covenant not to compete?

20 A. Uh-huh.

21 Q. In other words, whatever that value is to the
22 hospital's bottom line by having that agreement, and
23 then the second step is to estimate cash flows without

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

155

1 the covenant in place?

2 A. Okay.

3 Q. It seems fairly logical; and then you subtract
4 the difference. Is that right? Is that your
5 understanding of how this works?

6 A. That would be my understanding.

7 Q. He goes on to say, "When there is a positive
8 difference between the two cash streams, it is
9 evidence that competition would do economic damage to
10 the hospital and its mission. Thus, the use of a
11 covenant not to compete is warranted."

12 So, obviously, it makes good economic sense for
13 the hospital to have this in place, because they
14 benefit from it, right?

15 A. Yes.

16 Q. Now, the value -- it goes on in the next
17 paragraph and it says, "The valuation analysis,
18 however, is then completed by comparing the present
19 value of the benefits of the non-competition agreement
20 with the present value of the payments required under
21 the non-compete agreement. The generation by this
22 present value process of a positive differential
23 provides two conclusions from the valuation

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

156

1 perspective. The first is that a reasonable amount
2 has been paid. The second is that if there was no
3 compulsion to act and an arm's length negotiation
4 process occurred, the amount paid for the covenant
5 represents its fair market value."

6 In other words, Mr. Day is relating the value
7 that you are paying here to the benefit that the
8 hospital is receiving from having the covenant not to
9 compete; isn't that right?

10 A. Yes.

11 Q. And that is based on the additional business
12 that the hospital has; isn't that right?

13 MR. MULHOLLAND: Objection. Assumes facts
14 not in the record. You can answer.

15 A. It is based on the opportunity for that
16 additional business, yes.

17 Q. The expectation?

18 A. The hope.

19 Q. Well --

20 A. The hope.

21 Q. Well, according to this, the projection of the
22 prospective cash flow?

23 A. Yes.

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

157

1 Q. In fact, if you go to page 17, I think there is
2 actually an application of this in the table at the
3 bottom; isn't that correct?

4 A. I'm sorry. An application of what?

5 Q. An application of what he just explained in
6 terms of the projected revenues, and then he shows the
7 cost of the covenant each year, and then net benefit
8 from the covenant each year going out for a period of
9 five years?

10 A. Correct.

11 Q. Now, in fact, during this whole process where
12 you were trying to work this out with V&S over a
13 couple of years, the hospital actually prepared a
14 number of studies or evaluations of the impact on the
15 hospital revenues. I think you had some rough notes
16 in your own notes in April of 2001, and I'm going to
17 show you some other documents, and maybe you could
18 identify them for us.

19 This does not have a date on it; but perhaps
20 you can identify it.

21 (Deposition Exhibit No. 16 was marked for
22 identification.)

23 Q. Mr. Leonhardt, do you know what this document

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

175

1 A. I believe Mr. Fisher prepared this.

2 Q. And he would have been the CFO at that time?

3 A. Yes.

4 Q. And can you explain what this analysis shows?

5 A. It shows that -- and I can't tell you what time
6 period, but I am sure that this is for a year, but
7 which year, I don't know. 750 admissions, 550 of
8 which were Medicare. That would be from Vaccaro and
9 Saleh combined. 9,000 outpatient episode, 75 home
10 health referrals. We attributed 2.7 million in
11 inpatient revenue, and so on.

12 Q. Is this analysis, as far as you know,
13 consistent with the analysis that was done by Mr. Day
14 and Stroudwater?

15 A. No. I think that was much more complete.

16 Q. Okay. But is it consistent?

17 A. I believe it is consistent, yeah.

18 Q. Now, if you would turn a couple of pages until
19 you get to 4046, this is a document that says,
20 "Bradford Regional Medical Center, V&S Impact
21 Analysis." Can you tell -- well, it looks like at the
22 bottom it says prepared by Bob Fisher and Bruce
23 Weddell. Is that who prepared this?

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

183

1 proceeded with their planned imaging facility that
2 the -- that you would be unable to develop your
3 cardiology program?

4 A. Yes.

5 Q. And I guess my question is: On a general
6 level, have you addressed that in the sense of have
7 you been able to develop a cardiology program?

8 A. Yes. In fact, we have.

9 Q. And I think I asked you this question earlier,
10 but I want to make sure we are clear on this, have you
11 been able to develop your Under Arrangements Joint
12 Venture with the medical staff?

13 A. No.

14 Q. Is that program currently inactive? In other
15 words, have you abandoned that, or is that still in
16 the works?

17 A. It is not active at this point.

18 Q. Okay. I'm going to show you what we will mark
19 as Exhibit 20.

20 (Deposition Exhibit No. 20 was marked for
21 identification.)

22 Q. This is a document that is entitled "Equipment
23 Sublease," and this agreement is -- it appears to be

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

184

1 dated -- the signatures are dated 9-22-03. I think on
2 the front page it is dated as of October 1st, 2003.

3 A. Correct.

4 Q. How does this agreement relate to the prior
5 agreement which we marked as Deposition Exhibit No.
6 13?

7 A. 13 was simply a preliminary agreement.

8 Q. This is the same subject matter as the earlier
9 one? It is just more comprehensive? Is that it?

10 A. Yes; and it, in fact, is the one that was
11 executed.

12 Q. Well, the other one we looked at was executed,
13 as well; is that right?

14 A. It was signed, yes. I'm sorry.

15 Q. Are you saying that this is the agreement that
16 is actually in place right now?

17 A. Yes.

18 Q. And your signature appears on the signature
19 page?

20 A. Yes.

21 Q. If you would look at page 3 of this document --
22 actually, beginning on page 2, under Section 2,
23 Subsection (d)(i), the agreement shows the breakdown

CONFIDENTIAL - PROTECTED HEALTH INFORMATION

185

1 of the rental payment that is due under the agreement,
2 and we talked about that a little bit earlier.

3 A. Uh-huh.

4 Q. Could you identify the different components of
5 the rental agreement from the agreement?

6 A. It identifies \$6,545 for the hard costs of
7 subleasing the equipment. It as a pass-through of the
8 rental and the maintenance fee paid to GE. Then
9 \$23,655 per month for all other rights and duties for
10 sublease.

11 Q. And that is for the first rental period?

12 A. Yes.

13 Q. So that would be through September 30th, 2006?

14 A. Correct.

15 Q. So have, in fact, those payments been made for
16 that period of time, since we are beyond September
17 30th, 2006?

18 A. Beginning October 1st of 2003, yes.

19 Q. So all the payments were made up through
20 September 30, 2006?

21 A. That's right.

22 Q. At the rate of \$30,200 per month?

23 A. Until February of 2004, when the new equipment

